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ANNE MARIE LANGAN
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TO: Robert Anderson, Director
Planning & Development Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 28, 2011

RE: 2011-2012 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2010-2011 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Friday, April 29, 2011 at 1:00 p.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

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Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Thomas Lijana, Finance Director
Floyd Stanley, Deputy Budget Department Director
Alia Moss, Budget Department
Denise N. Gardner, Mayor's Office

Planning Development Department (36)

FY 2011-12 Budget Analysis by the Fiscal Analysis Division

Summary

The Planning Development Department is a General Fund agency.

The recommended 2011-12 Budget totals \$53.38 million. The budget increases by \$3.195 million (5.6%) from the current fiscal year.

The department's net tax cost is \$2,567,706, which increases by \$6,147,906. The increase is due primarily to a corresponding \$6.5 million decrease in Sales in City Real Property.

In the recommended budget, the department receives 95.9% of its revenues from federal grants, which consists of Community Development Block Grant funds, and HOME Program funds. The Mayor, however, anticipates that the department will receive \$1.38 million less in grant revenues in the upcoming fiscal year.

The City Council deliberates over the federal dollars in the budget during its review and approval of the city's Consolidated Plan that is submitted to HUD. Consequently, this budget analysis concentrates on the General Fund and Capital Improvement budgets of the department.

The Mayor recommends no change in the department's capital improvement funds budget, leaving it at zero (0) in the 2011-12 FY.

According to the Budget department, the Mayor recommends a net decrease of 10 positions, consisting of the elimination of 6 grant and 4 general fund positions.

2010-11 Surplus/(Deficit)

The Mayor anticipates a \$1.32 million deficit for the department. The deficit is due primarily to a \$2.28 million revenue deficit due primarily to land sales shortfalls, offset by an appropriation surplus of \$966,446 due to vacancies.

Overtime

The department's overtime budget for 2010-11 is \$11,500. The Mayor recommends \$17,648 in overtime for the department in 2011-12, an increase of 6,148 (53.46%).

Personnel and Turnover Savings

The Mayor recommends no turnover savings for the department in the 2011-12 Budget. The following is information by appropriation comparing FY 2010-11 positions, as of March 31, 2011 filled positions and FY 2011-12 recommended positions:

<u>Appropriation/Program</u>	<u>Redbook Positions FY 2010-11</u>	<u>Filled Positions 3/31/2011</u>	<u>Mayor's Budget Positions FY 2011-12</u>	<u>Over/(Under) Actual to 10/11 Budget</u>	<u>Mayor's Recommended Turnover</u>
Planning & Development Department (36)					
360010 Administration	19	21	16	2	\$ -
360012 Grants/MIS	9	6	9	(3)	\$ -
360013 Financial Management	14	14	14	0	\$ -
360015 Contract Compliance	10	9	9	(1)	\$ -
06040 PDD Administration-BG	52	50	48	(2)	\$ -
11134 Ofc. of Neighborhood Development	0	1	1	1	\$ -
365010 Welcome Center/Business Admin				0	\$ -
365020 DBB Certifications	1		0	(1)	\$ -
365030 Office of Neighborhood & Commer				0	\$ -
365040 Development - City		2		2	\$ -
13166 Business Outreach	1	2	0	1	\$ -
365060 Abatement Approvals and Minitor				0	\$ -
365070 Development BG	25	20	24	(5)	\$ -
13167 Administration	25	20	24	(5)	\$ -
365080 Real Estate - City	10	17	7	7	\$ -
365090 GIS Services	3	6	3	3	\$ -
13168 Real Estate and GIS Services	13	23	10	10	\$ -
13169 Planning	13	11	12	(2)	\$ -
365110 Housing Services	37	33	37	(4)	\$ -
365120 Neighborhood Development - Admin	14	11	13	(3)	\$ -
365130 Neighborhood Development - Publ				0	\$ -
365140 Comm Based Org/Eco Dev Tech	4	3	4	(1)	\$ -
13170 Neighborhood Outreach and Admin	55	47	54	(8)	\$ -
13171 HOME Administration	10	11	10	1	\$ -
36XXXX Leave of Absence		0		0	\$ -
36XXXX Worker's Comp		(5)		(5)	\$ -
36XXXXUnmatched				0	\$ -
TOTAL	<u>169</u>	<u>160</u>	<u>159</u>	<u>(9)</u>	<u>\$ -</u>

Significant Funding by Appropriation

Appro. Program

00014	Community Development	This appropriation decreases by \$122,060 in FY 2011-12.
00595	Economic Dev. Corporation	The City's contribution for the Economic Development Corporation remains unchanged at \$300,000 in FY 2011-12.
00597	Economic Grow. Corporation	The City's contribution for the Detroit Economic Growth Corporation remains unchanged at \$1 million in FY 2011-12.

11134	Office of Neigh. Development	This new appropriation of \$127,907, includes one fte, a Manger I- PD. This appropriation is comprised solely of salary and benefit costs.
11302	ONCR Project	This block grant appropriation of \$75,000 remains unchanged in FY 2011-12. Originally developed by the City Council, the stated purpose of ONCR (the Office of Neighborhood Commercial Revitalization) is to support the growth of small business in the city.
12368	DTC Loan Repayment	This appropriation of \$147,000 remains unchanged in FY 2011-12, for administrative costs.
113166	Business Outreach	This appropriation of \$66,210 and one fte, is eliminated in FY 2011-12.
13168	Real Estate & GIS Services	This appropriation of \$1.45 million in the 2011-12 FY, is reduced by \$342,591 (19%) and 3 fte's.

Significant Revenue Change by Appropriation and Source

Appro. Program

00014	Community Development	Revenue source decreases by \$1 million due to an anticipated decrease in Sales of Real Estate.
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Planning and Development (36)

<u>Budgeted Professional and Contractual Services by Activity</u>	<u>FY 2010-11 Budget</u>	<u>FY 2011-12 Recommended</u>	<u>Increase (Decrease)</u>
Administration	\$ 389,100	\$ 160,000	\$ (229,100)
Development		-	-
Business Services	94,000	56,340	(37,660)
Planning Services	353,805	433,420	79,615
Planning	-	-	-
Neighborhood Services	323,691	385,000	61,309
Bonded Capital Projects	-	-	-
Office of Neighborhood Commercial	=	=	=
Total	<u>\$ 1,160,596</u>	<u>\$ 1,034,760</u>	<u>\$ (125,836)</u>

Professional and Contractual Services decrease slightly by \$125,836 (10. 8%) in the 2011-12 FY.

Issues and Questions

The Mayor has recommended a net decrease of 10 positions for Planning and Development in the 2011-12 FY. The reductions in positions include the elimination of 6 grant positions, and four general fund positions in to the department in FY 2011-12.

- Can the department's reduction of grant positions (6) potentially have a negative impact on the department's 2011-12 Block Grant allocation?
- What was the rationale for the reductions? Was HUD consulted prior to the department deciding to cut back on the grant positions for 2011-12FY? If not, why?

In the 2011-12 FY, the Mayor is proposing to eliminate 3 of the 10 fte's from Real Estate – City.

- What is the anticipated impact of these reductions? Are the positions currently vacant?

(Pg 36-3) DEVELOPMENT MEASURES AND TARGETS

Contract Compliance Unit:

CDBG Grant Management	2008-09 Actual	2009-10 Actual	2010-11 Projected	2011-12 Target
Number of Contracts Reviewed	55	55	22	30
Percent Change		0%	-60%	36%

As the Chart above indicates, the targeted number of contracts reviewed is estimated to decline significantly (60%) in the current fiscal year. What is the rationale for this projection and what is the anticipated impact of this reduction?

Financial Management Unit:

Accounting/ financial controls	2008-09 Actual	2009-10 Actual	2010-11 Projected	2011-12 Target
Number of financial transactions processed	1,500	1,500	940	1,000
Percent Change		0%	-37%	6%

As the Chart above indicates, the projected number of financial transactions processed is also estimated to decline significantly (37%) in the current fiscal year and in FY 2011-12 (from 2009-10). What is the rationale for this projection and what is the anticipated impact of this reduction?

It appears the department has several general fund activities and grant funded activities in the same appropriations. If so, where, and will any changes need to occur before the start of the new fiscal year?

Please provide a list of all fees and charges made by the Planning and Development Department. Include the amount of the current fee or charge. Indicate when the fee or charge was last changed, and the amount of the change. Indicate if the fee or charge was reviewed as part of the city-wide fee study conducted by Maximus. If the fee was included in the study what was the recommendation? Has the recommendation been implemented? If not provide an explanation of why the recommendation was not implemented?

Is the department involved in any activities that are not recorded as part of the city's financial reporting system? If so, identify what the activities are. Example, the Mayor's Office has established a non-profit organization in connection with the soon to be renamed, Next Detroit Neighborhood Initiative Program.

Does the department use any automated or electronic systems not directly linked to the financial reporting system, DRMS? Is so, identify what the systems are, and what the plans and timetable is to incorporate the system into DRMS. Example, the Recreation Department has a Recreation Activity Fund whose financial records are maintained separately from the DRMS system.

What are Distributed Costs?

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